



United States Senate
**Committee on Small Business
and Entrepreneurship**

Olympia J. Snowe, Chair

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<http://sbc.senate.gov>

For Immediate Release:

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**SNOWE, MANZULLO REQUEST GAO INQUIRY ON CONTRACTS FOR KATRINA
REBUILDING**

(Washington, DC) – U.S. Senator Olympia J. Snowe (R-Maine) and Congressman Donald A. Manzullo (R-Illinois) today requested that the Government Accountability Office (GAO) investigate whether small and minority-owned businesses have been given a fair opportunity to compete for Federal and Federally-funded contracts and subcontracts for Hurricane Katrina relief, as required by Federal law.

In a letter to GAO Comptroller General David M. Walker, Senator Snowe and Congressman Manzullo, the Chairs, respectively, of the Senate Committee on Small Business and Entrepreneurship and the House Committee on Small Business, wrote:

“Small businesses are of vital importance to the economies of the three states most devastated by the Hurricane: Louisiana, Mississippi, and Alabama. The revival and participation of small business in the impacted areas is vital to the economic recovery in the area. We note with particular concern that some of the large companies which received sizeable Katrina-related relief contracts have been cited by the GAO for generating ‘misleading data’ on small business subcontracting and overstating their small business subcontracting performance.

“We ask that you study and report on how the money from the two emergency supplemental appropriations Acts, as well as any other Katrina-related appropriations, is being spent, and who is receiving the money. Specifically, we would like the report to determine:

“How much of the money was contracted as Federal prime contracts to small businesses and how much to other businesses . . .

“For Federal prime contracts, those small businesses receiving prime contracts, and whether they are small businesses owned and controlled by service-disabled veterans, qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women . . .

“Whether the Federal prime contracts awarded to other than small businesses contained small business subcontracting plans, the nature of those plans, compliance with those plans, along with a list of those contracts (organized by agency, awardee, date of award, and contracting officer) which did not contain small business subcontracting plans . . .

“The use of government credit cards to buy goods and services in terms of those purchases made from small business and those from other than small businesses and, if possible, identification of small businesses.”

In May the GAO revealed subcontracting overstatements after reviewing billions in facility management contracts at the Department of Energy. The report, GAO-05-459, is available at: <http://www.gao.gov/new.items/d05459.pdf>. The Small Business Act and the Federal Acquisition Regulation require that contracting officers take into account past performance on small business subcontracts before awarding contracts to large firms.

The Snowe-Manzullo letter is attached.

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